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TAGS: [EAID](#) [KPAL](#) [PGOV](#) [WBG](#) [IS](#) [NO](#)

SUBJECT: NORWAY'S MESSAGE FOR THE AHLC SEPT 22 MEETING:
DEMARCHE RESPONSE

REF: STATE 95980

Classified By: Political and Economic Counselor Cherrie Daniels for rea
sons 1.4(b) and (d)

¶1. (C) Poloff met with Signe Guro, Senior Advisor in the Ministry of Foreign Affairs (MFA) Middle East Section September 17 on receipt of reftel to deliver reftel points and solicit Norway's intentions for the September 22 AHLC meeting. Guro said that Norway's priority for the AHLC meeting, in general terms, is to underpin the two state solution by helping to build institutions for the Palestinian state. This, she said, would be achieved by mobilizing donors to support Prime Minister Fayyad's two year plan, which she described as the economic and institutional framework for a Palestinian state. Pointing out the reluctance of donors to indefinitely and substantially financially underwrite a Palestinian Authority (PA) government that has little ability to raise and collect its own revenues, she said that the Norwegian government views it as an urgent priority that the framework for political negotiations be put in place, so that the PA can ultimately stand economically on its own. Norway, she said, therefore fully supports U.S. efforts to encourage political negotiations between the parties.

¶2. (C) During the upcoming AHLC meeting, Guro said the Norwegians will also, consistent with UN Security Council Resolution 1860, follow up on humanitarian needs of Gaza, in so doing reemphasizing that Gaza is PA territory and that the PA therefore has normal governmental obligations to the people of Gaza. She said Norway is concerned that Israel has apparently said no to the UN proposed programs in Gaza, and said it was disheartening that Israel failed to grant access to the cell phone frequency sought by investors. Guro commented that these signs do not build donor confidence in Palestinian private sector economic prospects. She said Norway hopes to work with Israel to create an environment where tax revenues can be increased through loosening restrictions on the private sector. While she said that the limited easing of restrictions over the summer in zones A and B are commendable, they are a tiny fraction of what is necessary for a significant economic impact, and Palestinians need to be able to export their goods to both Israel and the wider world.

¶3. (C) Guro said that Norway would encourage further work by the Joint Liaison Committee, which met three times this summer. She said Norway would encourage donors who have found their projects unable to move forward due to Israeli access or importation restrictions to reallocate such funds toward budget support, and would generally encourage them to live up to their already promised pledges.

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